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Farm Outlook

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FARM OUTLOOK

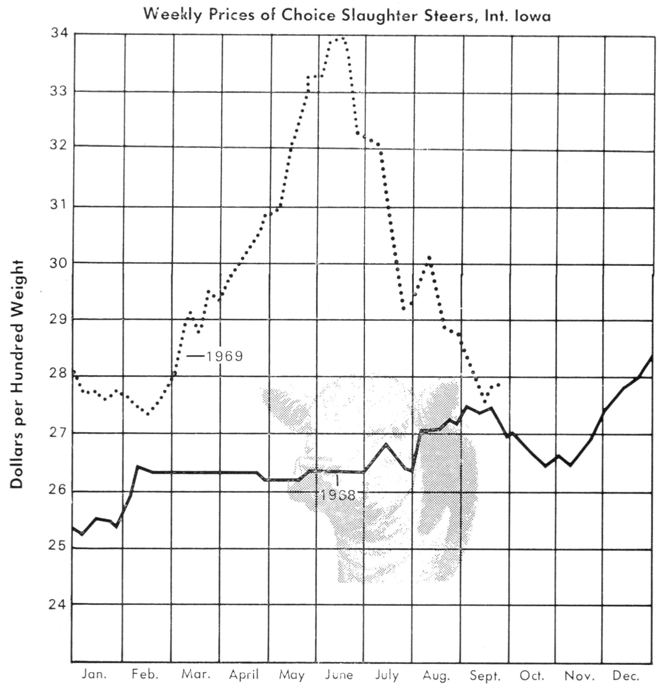
CATTLE . . .

Fed cattle marketings are expected to be well above last year during November and December. The number of cattle on feed Sept. 1 in six major feeding states was estimated to be 14 percent above last year. The increase in late fall-early winter marketings will be less than this, but may be up 6 to 10 percent. Slaughter of non-fed cattle is expected to be lower than a year earlier, however, so that total beef supplies may be up only 2 to 4 percent.

Cattle marketings during the January-March quarter will probably be above a year earlier, but smaller feedlot placements the past summer should limit the increase. Fed cattle marketings during the last three quarters of 1970 will depend largely upon the number of placements this fall and winter. A moderate increase is expected this fall, but winter-spring placements may be no larger than in 1969. If placements follow this pattern, fed cattle marketings next spring and summer will be above a year earlier — probably by 3 to 5 percent. Slaughter of non-fed cattle will likely be down, however, with only a small gain in total cattle marketings.

Demand for beef may be less aggressive during the next few months — if economic activity slows as expected. Prices during the late fall and winter are likely to be near last year's, with Choice steers selling at Iowa plants around \$26.50 to \$28.50. Prices may strengthen somewhat in late winter and spring, but are expected to be well below a year earlier. Fed cattle prices should be fairly strong during the last half of 1970 — probably within the \$28 to \$30 range or higher in Iowa.

Early October prices for feeder cattle were \$3 to \$4 higher than a year earlier. Strong demand for feeders is expected to keep prices above last year



during the rest of 1969. With fed cattle prices likely to average lower in the first half of 1970, feeding returns will be less favorable than in the same months of 1969.

HOGS . . .

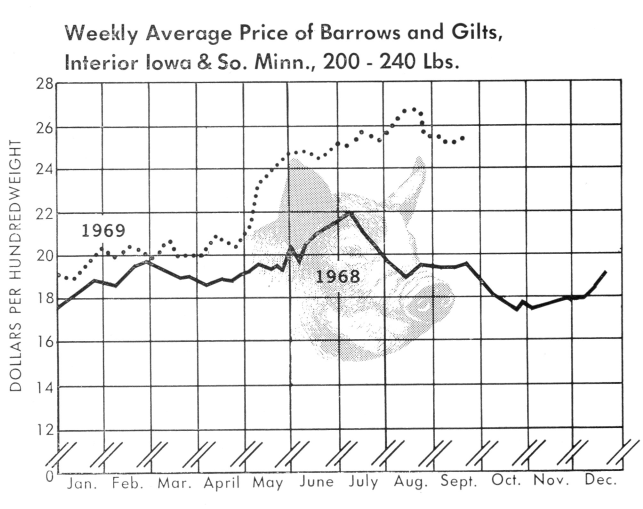
The USDA's September Report on Hogs and Pigs indicated fewer hogs on farms than a year ago and a surprising decrease in summer farrowings. In the 10 Corn Belt states, the Sept. 1 hog inventory was estimated at 46 million head, down 5 percent from a year earlier. The total on weights over 60 pounds was 8 percent below last year— in line with estimates made in June that March-May sow farrowings were down 8 percent from the previous year.

Sow farrowings in the June-August quarter in the Corn Belt were estimated to have been down 3 percent from last year. This was unexpected, since June estimates of farrowing plans had indicated a 5 percent increase. Favorable price and profit levels during the first half of 1969 also made some increase seem likely. Farrowing plans for the September-November quarter were estimated to be 1 percent below last year.

If present estimates on hog inventories and sow farrowings are "on target," hog slaughter during the late fall-early winter period will be 7 or 8 percent below last year. And marketings during the first half of 1970 will be a little below 1969 levels. Under these supply conditions, hog prices should remain quite strong into winter — probably holding above $23 in Iowa during November and December. Winter prices probably will be a little lower, ranging between $21 and $22.

It's possible that farrowings have been somewhat under-estimated and that marketings will be larger than indicated. Over the past 15 years, hog production has never decreased when hog-corn price relationships were as favorable for hog production as they were in 1968 and early 1969. If marketings are larger than now estimated, prices will turn out to be less favorable. At worst, however, prices are likely to remain above $20 through the first half of 1970.

The 1970 spring pig crop (December-May farrowings) is expected to show some increase. In September, the USDA estimated farrowing intentions in the 10 Corn Belt states for the December-February quarter were up 2 percent from a year earlier. A somewhat larger increase seems likely for the full December-May period, in view of favorable prices this fall. If a larger increase occurs, hog supplies during the last half of next year will be moderately larger than in 1969.



SHEEP AND LAMBS . . .

Sheep and lamb slaughter during the first nine months of 1969 was 9 percent below a year earlier. And slaughter during the rest of the year is expected to continue well below last year. The 1969 lamb crop was 6 percent smaller than a year earlier, so fewer lambs are available for feeding this fall and winter.

Prices for slaughter lambs during the first 9 months of 1969 averaged about $2.50 per cwt. above the previous year. Prices are expected to continue around $2 above a year earlier during the next few months. By next spring, prices are expected to be about the same as in 1969.

CORN . . .

USDA's October crop report showed only a small change in feed grain production prospects compared with a month earlier. Total feed grain production is now estimated at 168 million tons—up less than one percent from 1968. The corn crop is figured at 4,350 million bushels—almost the same as last year.

Corn production prospects improved slightly in the eastern Corn Belt, as well as Minnesota, Iowa and Nebraska. Iowa's crop is now forecast at 837 million bushels, 7 percent less than last year. The state's average yield was raised 3 bushels from the September estimate and now stands at 89 bushels per acre. This would be 4 bushels less than last year's record yield.

USDA's Statistical Reporting Service will issue two more corn production estimates this season. They will be released Nov. 12 and Dec. 19. These reports will indicate whether further changes are occurring in crop conditions and will bear watching.

If actual production is close to October indications, the crop probably will be 100 to 200 million bushels below domestic and export requirements for the 1969-70 marketing year (October 1969-September 1970). This indicates some old-crop corn presently under reseal will likely be needed to fill market requirements.

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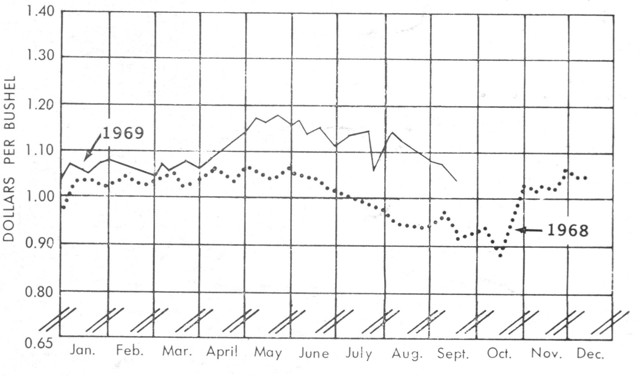
Corn Price, No. 2 Yellow, Central Iowa (Friday Quotation)



Central Iowa bids for No. 2 new-crop corn in early October were about $1 to $1.04 per bushel. Prices during the peak harvest period seem likely to weaken another 2 to 4 cents. However, a moderate recovery should begin soon after harvest is completed. The seasonal high probably will be about 14 to 17 cents above the loan rate and seems likely to come during late spring and early summer. This would bring Central Iowa prices up to $1.16 to $1.19 per bushel—about the same as the 1968-69 seasonal high.

SOYBEANS . . .

The October crop report showed only a small increase in production prospects compared with a month earlier. The crop is now forecast at 1,070 million bushels —about 10 million bushels less than in 1968.

Iowa's crop is estimated at 158 million bushels, down 11 percent from last year. The state average yield is placed at 29 bushels per acre, compared with 32 bushels in 1968.

Sunflower oil prices have increased sharply in the last few weeks due to reduced export offerings from Russia and Eastern Europe. This would indicate export demand for oil will strengthen slightly in the year ahead. This along with continued growth in meal demand should moderately increase 1969-70 soybean requirements.

However, the 1969 crop still appears likely to be a little above our requirements. Thus, a further increase in carryover is expected for Sept. 1, 1970. This year's carryover reached a record 322 million bushels—compared with 166 million bushels in 1968.

New-crop bids for modified No. 2 soybeans in Central Iowa were about $2.19 per bushel during early October. Prices seem likely to weaken a little further during the peak harvest period, then begin a moderate recovery in early winter. Present conditions point to a seasonal high later in the year of about 10 to 14 cents over the loan rate. In Central Iowa this would be $2.32 to $2.36 a bushel.

—Gene Futrell and Robert N. Wisner

Soybean Price, No. 2, Central Iowa (Friday Quotation)